**LANGFANG AND INTERDEPENDENCE**

The existing interdependence between Asia and America can perhaps be best seen in a town in China.

Langfang is a satellite town outside Beijing, a secondary city with some four million people and a burgeoning technology sector. Relatively green with parklands, the city has a five-kilometer pedestrian mall, the longest in China. Some have dubbed Langfang “China’s Silicon Valley.”

It boasts large industrial parks that focus on technology and computers as well as the ambitious Oriental University City with some 14 universities and a combined enrollment of more than 35,000 students.

I visited in November 2008, arriving in a black made-in-China Audi just weeks after the failure of Lehman Brothers Bank in New York and the collapse of American markets. The massive factory complex includes production facilities and housing for the workers—three shifts, around the clock—and takes up an entire block in the industrial sector.

Foxconn International Holdings, a Taiwanese company based out of Shenzhen, invested some US$1.2 billion in Langfang to build this plant. The company is the world’s largest handphone manufacturer, turning out products for Motorola and Nokia and other companies.
that largely address the U.S. market, which was growing at the time even as competition squeezed profit margins. Foxconn opened the facility in Langfang after its other plants in Beijing and Shanghai could not keep up with demand and costs in Shenzhen started to escalate. A second-stage project was in the works, and another identically large plot on the edge of the industrial estate had been cleared and prepared for construction to start on Phase 2 of the expansion.

But plans can change. American consumer spending crashed in the wake of events after the Lehman Brothers collapse, and the hunger for mobile phones went with it. In the last quarter of 2008, global mobile-phone shipments rapidly fell 10 percent. The effects rippled right across the Pacific to Langfang. At the end of 2008, Foxconn posted a net loss of US$21.1 million, compared with a US$397.4 million profit a year earlier. Foxconn’s plant at Langfang continues in operation, unlike others across China that have shut down in this and other industries. But plans for expansion are on hold, indefinitely. The effect is not just on paper. Visibly, viscerally, the effects are there for all to see. At the edge of the industrial park, the ground that was cleared for Phase 2 of the project now just sits vacant: bare brown earth amid the green of the surrounding area.

On the Saturday that I visited, shifts of workers were walking around with more time than they used to have. The rush of overtime work and 24-hour shifts was no more. Many China-based factories closed and retrenched their workforce, especially in the Pearl River Delta. Langfang and the surrounding province of Hebei saw fewer closures but still faced the challenge of finding more investments and jobs for the burgeoning numbers of young Chinese who will leave schools to seek employment.

The prospects for these young Chinese, of this business, and of Langfang, have been inextricably tied across the Pacific to the United States. The American market has been the main engine that pulled Asia’s rise. The growth in American demand drove up production in Asia, and the bulk of Asian exports went to the United States. In the first 10 months of 2008, just before the crisis, as much as 17.7 percent of Chinese exports, worth US$212.7 billion, ended up in the United States, the largest share of any country. This is but one measure of the interdependence between the United States and Asia, especially China.

Most have recognized this interdependence as a positive development, a result of globalization and the world becoming “flat,” in the terms of New York Times commentator Thomas Friedman and his well-known book. In this flattened world, economic interdependence
linked Asia to America and vice versa. Most of Asia linked to China, and the Chinese economy was so integrated with the American that their relationship has been tagged “superfusion” or “Chi-America.” A minority of voices have questioned globalization and this interdependence between the United States and Asia. But largely their complaints were that jobs were lost to the cheap labor in Asia—by some workers in some factories in some sectors of the American economy. There was no wider recognition that this U.S.-Asian interdependence might pose a potential vulnerability for the overall economy.

That recognition only came in the wake of the events of 2008, and with painful costs. Once the American engine wheezed and collapsed, so did China and the rest of Asia. Interdependence across the Pacific has costs. The empty stretches of land waiting in Langfang and the young Chinese idly roaming the streets there were its symptoms. In November 2008, chilly winds blew across China and the other nations of Asia, most of which faced steep falls in their economies. It was not clear when the American economy might recover. For this factory in Langfang, it was not clear when, if ever, that empty plot of land would be developed. For China and Asia, as the crisis began, there were fears of a sharp contraction of growth, the slamming of gates at export factories gone bust, and millions of workers left unemployed.

Interdependence has often meant that those questions for Asia must await answers from America. But since the early days of the crisis, some have started to believe, and want to believe, that China and the wider Asian production base can return to growth without the United States. The numbers in China and other larger Asian markets, especially from the second half of 2009 and into 2010, back up that belief. More and more, Asians are beginning to consider whether their region can grow on its own, and go its own way.

Origins in Crisis

This trend began in one crisis, and it is accelerating in the second and still unfolding crisis.

The first crisis was triggered by the collapse of the Thai baht in mid-1997. Most of Asia suffered a financial storm that severely wounded both national economies and pride. Thailand, for example, had been growing at an average of 9 percent in GDP terms per year from 1987 to 1996—one of the fastest rates in the world. Then almost overnight in the crisis, hit by speculative attacks, its baht collapsed
after US$33 billion in foreign reserves had been exhausted by the central bank, plunging to less than half its value against the U.S. dollar. This spread rapidly to other Asian economies—South Korea, Taiwan, Indonesia, and Malaysia especially.

In this time of crisis Asians also suffered from the sense that the United States had abandoned them and was standing arrogantly on the sidelines. Directly or through the International Monetary Fund (IMF), the so-called Washington consensus on open markets and disciplines insisted on prescribing painful remedies, bitter medicine. Following the conventional wisdom to tighten the money supply and raise interest rates as a condition of rendering assistance, IMF action led to further economic falls. The starkest symbol of this Asian surrender was the sight of IMF President Michel Camdessus standing imperiously, arms folded, while President Suharto of Indonesia bowed and signed papers to accept the IMF terms. That country not only went into an economic downturn, it suffered political upheaval as angry mobs turned Suharto out of office after more than three decades of unquestioned authority. Asians remember what happened in that crisis.

In their recovery from this crisis, the Asian economies struck upon a set of common policies: to produce and then export increasingly to the United States, to keep their finances solid and currencies competitive to ensure stable macroeconomic conditions and affordable prices for their exports, and to increasingly trade with each other as different parts of the production chain gravitated to different countries in the region. An Asian production base was formed in the aftermath of the crisis; a production base that ended up especially exporting to American markets. This increased the economic interdependence between Asia and the United States after the crisis of 1997–98. For a decade afterward, both Americans and Asians shared in rapid growth.

The second crisis is the global financial and economic turmoil that has emerged in 2008 after the collapse of Lehman Brothers Bank. In this crisis it is now America and its banks that have been at the epicenter of the problems. Asians had cleaned up most of their financial systems after the first crisis and their banks did not suffer a similar direct impact. But credit is so interdependent that the American crisis created a crunch for all banks and their borrowers, worldwide. The ill effects rapidly transmitted themselves to infect the Asian production system, which was so interdependent with America. Yet in this crisis, the United States was not subject to discipline and austerity measures. Interest rates were lowered rather than raised to ease the supply of money. No further banks were allowed to collapse,
after the failure of Lehman Brothers, but instead were recapitalized by governments. Huge stimulus packages were passed by the U.S. government, despite already being highly indebted. The IMF has been put on the sidelines. The rules that had applied to Asia in the first crisis did not, in this second crisis, apply to America.

Between these two crises, despite continuing and indeed strengthening economic interdependence, Asia and America have drifted apart politically. This has been made worse by a series of omissions by the Bush administration, which will be judged for ignoring Asia. To its credit, it did attend to putting ties with China on an even keel, and to developing relations with the other Asian giant, India, to unprecedented levels. Hotspots like North Korea also received attention, and there was a near-obsessive focus on the global war against terrorism. But the Bush administration ignored the wider picture of Asia. Its officials dealt with some issues and some countries—but in isolation rather than context. Anti-Americanism grew, even in societies that were once staunchly pro-American. An Asian regional identity—separate if not antagonistic—has grown.

A new American administration came to office during this crisis, amid great optimism and great need. With this historic change in leadership to President Barack Obama, a new openness to the United States has appeared in Asia and elsewhere. And with the crisis, the need for global leadership has increased. It is possible for the growing division between Asia and the United States to be healed and a new partnership formed. But it will not be easy.

It is not a simple matter of changing presidents. It is not a simple matter of giving more time and attention, and even these will be in short supply given that so many issues elsewhere also command American attention and involvement—the economic crisis, the wars in Iraq and Afghanistan, and climate change among them. We also have to contend with trends that are emerging in the crisis and that, if left unchecked, will pull Asia and America in different directions. Two major and intersecting trends are, first, the relative decline of the United States and second, the call for a new pattern of Asian development that is less reliant on American consumer demand and more balanced.

A New Asian Balance

Even before the crisis, in early 2008, some were arguing that Asian and American economies had decoupled. Prior to the mid-1980s, foreign trade in East Asia was dominated by trans-Pacific flows centered on the
United States. But between 1986 and 1992, the share of Asian exports destined for other Asian countries rose sharply. Trade between Southeast Asia and China, for example, grew from a mere US$925 million in 1977 to more than US$74 billion in 2002.\(^8\)

Despite increased trade and economic integration among Asian countries, however, the United States remains the final market for as much as 60 percent of Asian production. Asian trade has been largely in intermediate products, sent across borders as part of a pan-Asian production chain that ends in China, and then is finally exported to the American consumer. The crisis showed there is no decoupling at present and that interdependence continues: when the United States has a serious problem, Asia suffers.\(^9\)

But even if there was no decoupling going into the crisis, the crisis may in fact end up in decoupling. The crisis has prompted many to call on Asia to end its reliance on the American consumer and increase its own consumption. There are also calls for Asia to develop new financial mechanisms and instruments to harness its own savings for investment within the region. The chairman of the HSBC Bank, Stephen Green, describes this as “a fundamental trend that has emerged in the world economy . . . the rebalancing of the global economy towards Asia where China is a leading power.”\(^10\) Green, like many others, sees this as a positive development.

Perhaps, but such prescriptions represent a considerable change from the patterns in effect since 1997. In this period, Asian economies exported to the American market, which continued to show a strong appetite for goods. They racked up large trade surpluses and reserves, while the United States went into deficits at both the national and household levels. With these reserves, the Asian countries then bought and held U.S. Treasury bills.

Of the U.S. public debt that is privately held, about half is held by foreigners. As of December 2007, China’s U.S. Treasury securities holdings were US$406 billion, accounting for 17.2 percent of total foreign ownership of U.S. Treasury securities.\(^11\) This has since risen to some US$789.6 billion, surpassing Japan, which holds US$757.3 billion.\(^12\) Between them, China and Japan hold almost 44 percent of U.S. Treasury Bills and, in this way, underwrite the value of the American dollar. This has enabled the United States to enjoy a wealth effect in assets and continue high levels of consumption and debt.

Asians produced and saved, while Americans consumed and lived on credit. No one complained, even if a few saw that the arrangements were unusual. The years of giddy growth on both sides of the Pacific gilded
the issue. America grew at more than 3 percent per year and some sectors, like banks, boomed. Asia grew by more than 6 percent, with some nations, including China, often topping 10 percent. Growth made this trans-Pacific arrangement seem not just viable but essential.\textsuperscript{13}

In the wake of the crisis, however, many more now see this pattern as unnatural and unsustainable. America’s economy in 2008–09 shrank for four consecutive quarters. Since the recession began in 2007, some eight million jobs have been lost.\textsuperscript{14} Many Asian economies immediately shrank, although China, India, and other large markets have in the latter half of 2009 seen their growth rates revive.\textsuperscript{15}

Looking ahead, even when the United States recovers, many predict that the American level of demand will not return to what it was before the crisis. Many therefore advise that Asians must go beyond the export-led model of growth and rebalance their economies. Greater consumption in Asia is seen as necessary to help the world economy and Asia itself, but some doubt that Asians can do this, especially in the short term. The claim is that Asians are culturally prone to save more. This might start to change if and when Asian governments provide wider and stronger safety nets for their citizens, along with higher wages for workers. That is, however, a considerable “if.” Few Asian governments have done so in the past. Most have relied, to lesser or greater degrees, on an export-led strategy for growth.

South Korea, Vietnam, Taiwan, Thailand, and Malaysia export goods to the value of between 50 and 80 percent of their GDP.\textsuperscript{16} The small island state of Singapore tops this league of export dependency, with almost 200 percent of its GDP. For giant China, the figure is much smaller—some 28 percent. But given the size of its economy, even this relatively small percentage of exports translates to an immense US$1,340 billion.

Rebalancing will not be easy for Asians. The main difficulty will be that Asian domestic demand cannot soon and sustainably make up for the drop in American consumption. But if Asians can do this and become independent of the United States, there may be broader implications. “Rebalancing” is fundamentally the same as decoupling. The difference is only a matter of degree and attitude. If relations are affected, a sharp division will be drawn across the Pacific.

\textbf{Meeting Mr. Post-American}

Many believe the crisis has quickened the shift of power from the United States to Asia. When the United States emerges from this crisis,
more and more people predict that the American role in the world and in Asia will not be the same. The United States may make the effort to engage Asia, but it will be diminished, no longer dominant. Even before the crisis broke, some believed that America’s unique position as the sole superpower in the world was slipping. Fareed Zakaria has warned Americans to prepare to live in what he has called “a Post-American World.” He sees a world in which the United States will no longer dominate the global economy, orchestrate geopolitics, or overwhelm cultures. He instead foresees the “rise of the rest”—the growth of China, India, Brazil, Russia, and many other countries. It comes as something of a middle position between two views about America that have been in contention since the end of the Cold War and especially since the Bush administration came to office. One view is that America is in decline—as argued in Paul Kennedy’s *Rise and Fall of Great Powers*, a book that was well received when first published in 1987 but seemed for so long wrong in application to the United States. The other, opposite view is that the United States has emerged as the world’s sole superpower—whether for good or for ill. As suggested in the book *Empire* by Marxist philosophers Antonio Negri and Michael Hardt in 2000, the American hegemony across the world went beyond imperialism and nationalism to manifest itself in institutions, norms, and culture and so achieve complete domination.

Meeting with Fareed Zakaria, Mr. Post-American, is an interesting but disconcerting experience. The man who has championed the idea of a post-American world in which others rise relative to the United States is an American, but he looks more like one of the others. He was born in Mumbai, India, into a Muslim family of high standing; his father was a politician with the ruling Indian National Congress and his mother was one-time editor of the venerable *Sunday Times of India*. He came to the United States, studied at Yale and Harvard, and—still in his forties—has become editor of *Newsweek International* and anchor of an international affairs show on CNN. He is urbane, intelligent, and affable, even charming. Zakaria may sugarcoat this message to Americans by saying, at the outset, “This is not a book about the decline of America, but rather about the rise of everyone else.” But whether decline is comparative or absolute, America must expect to have less sway in the world, and in Asia. Hegemony and being the indispensible power has benefited the United States, and a shift in this position will not be without some cost. Zakaria’s central message is that others are rising and, even if they do
not eclipse America, will limit its scope for unilateral action and require new thinking and approaches. The implications for America are immense. His message has set off alarm bells across America and indeed the world. There is a particular resonance of his conclusions in relation to Asia.

“Yes,” Zakaria says, sitting at ease in his office on Broadway on the West side of Manhattan, “Asia is on the rise and will emerge stronger from this crisis. And yes, China will gain influence among its fellow Asians. The question is whether President Obama can make a difference. Not to reinstate the United States to its former status as the sole superpower. The real challenge is to create a new system for the international community, with genuine and effective global cooperation. Asia must be a part of that, in partnership with America. A division between Asia and America will make a post-American world untenable.”

His tone is somber. His message stark. But Zakaria smiles, his full lips pulled back and his teeth gleaming.

The Blame Game

A blame game seems to be emerging over the global crisis. Asians believe that the problems lie in the United States, and the Americans point their fingers at Asia. Why?

For many in Asia, it seems clear that the problem has been speculative and ill-regulated financial derivatives that were used by the best-known names in Wall Street and spread through the financial systems of the United States and Europe. There is no clear political will in the United States and the West to undertake strict and sharp reforms. In comparison, during the earlier crisis of 1997, such reforms were urged and required across Asia despite dislocation and pain. From this perspective, the United States is setting two standards for dealing with crises—one for Asians and one for itself. Such double standards are hard to accept. Asians recall how, in the wake of the 1997 crisis, American standards of governance, accounting, and deregulation were extolled as being the best models. This same system now seems to be at the epicenter of the crisis. “Washington is following a different script this time,” says Yung Chul Park, a professor of economics at Korea University in Seoul.19

This may seem mild, and most Asians have not raised their voices, so far. But this does not mean there is no resentment. Consider that while it is a U.S. ally, South Korea was one of the first and hardest-hit
countries in the Asian crisis, and again has been hit hard by the downturn from 2008. Korean banks had been short on U.S. dollars and were caught out by the currency’s sharp rise. From November 2007 to early 2009, the Korean won has depreciated by some 30 percent.20

Yet instead of reform and correction, the United States seems primarily to emphasize the need for massive bailouts for companies and government stimulus packages. By mid-2009, the U.S. government had committed US$12.2 trillion.21 This is stimulus spending that—given their level of debt—Americans do not have reserves to pay for. Given that Asians (especially Chinese and Japanese) hold their reserves in U.S. dollars, they are the ultimate guarantors of the bailout package. Asians cannot control American stimulus spending—but they bankroll it. This has led more and more Asians to consider the benefits that accrue to the United States for the unique position of the American dollar. A former U.S. treasury secretary once summed this up neatly: “The dollar is our currency but it is your problem.”22

Asians who hold much of their reserves in the U.S. dollar will stand to suffer if and when the currency falls in value. In contrast, the United States does not face great losses when its currency depreciates, as the country borrows in its own currency. As William Grimes analyzes things in his book *Currency and Contest in East Asia*, with the dominance of the American dollar in the global system, the United States has yet to encounter any strict restraints on its fiscal and current account deficits.23 Asians from this perspective may blame the United States for more than simply creating this crisis. They also see the United States as being inconsistent and inefficient in seeking the remedies and as potentially passing much of the cost and harm of those remedies to them. Calls for alternatives to the U.S. dollar and even for an Asian common currency have emerged from the crisis.

Yet other voices in the United States do not emphasize faults in America. They instead emphasize the influx of funds from Asia as a driver of the crisis. In this view, the influx of investments from Asia artificially swelled the U.S. economy and fed an unnatural appetite among American consumers. Combined with the extremely low cost of funds, a bubble emerged in the U.S. market, in which the financial derivatives only served as the trigger that set off wider and deeper financial and economic woes. In this sense, some voices in America blame Asia for this “imbalance” and subsequent woes.24

This blame game is more than an exchange of words. It feeds into a growing sense of nationalism on both sides of the Pacific. In history,
sharp downturns in the economy have often been accompanied by strident and negative forms of nationalism. The urge is to blame someone else. The instinct is to unify and protect one’s own nation to the exclusion or even to the detriment of others. The present crisis is not free from similar sentiments. A brand of nationalism is emerging in the United States. Concerns emerged from the U.S. presidential election trail. During his campaign, candidate Obama launched a radio ad encouraging people to “Buy American,” claiming that the policies of his rival John McCain, a free trade advocate, would threaten jobs at American businesses such as the iconic Harley-Davidson. Across Asia there was anxiety that the Democrats would be less in favor of trade than the Republicans had been.

Such fears may seem overstated. President Obama has not become a protectionist. Indeed, he and his team seem very aware that protectionism triggered the Great Depression of the 1930s. Nevertheless, political nods toward protectionism have been seen. In the U.S. stimulus package, a “buy American” proviso was inserted. President Obama also enacted trade measures against Chinese tire imports to temporarily shield American companies against competition and to try to protect jobs. The steps taken may be consistent with World Trade Organization (WTO) standards, but the move is in the wrong direction. Moreover, the United States is not alone. Many in Europe and some in Asia have taken similar measures. Despite repeated warnings against protectionism by various summits, many countries—especially those with larger markets like America—have slipped backward. With the stalled Doha Round at the WTO, there is little constituency for freer trade. Witness the proposed free trade agreement (FTA) between the United States and South Korea, its long-time ally. After years of tough negotiations, this has been held up by domestic lobbies over issues of beef. Trade experts analyze that, on balance, the agreement is more favorable to the United States. But the public mood against trade and globalization muddies the perception. Unless the economic conditions turn and the politics improves, the FTA may never pass Congress in the United States.

Note too that the largest number of anti-dumping cases in the WTO in 2009 are brought against imports from China, and the many complaints against goods from China because of doubts over safety and public health. In 2007, contaminated Chinese pet food was suspected of killing hundreds of U.S. pets, while toymaker Mattel recalled millions of mainland-made products over lead paint concerns. These concerns, substantiated in some cases, point to a larger
fear of China and Asia outcompeting America by unfair means. Protectionism has not come down like an iron wall across the world. But globalization and free trade have been knocked back more than once and from more than one source. Rather than a big bang, the ideal of freer trade and the belief that all benefit from interdependence are being killed by a thousand smaller wounds. In this crisis, the negative impression of globalization is gaining ground in the United States. To these Americans, the face of this unkind and unfair globalization looks Asian.

From American Soft Power to Chinese Charm

Nor are Asians all in love with the American face that they have seen in this period. The rapid fall in America’s economy has been mirrored and even preceded by a decline in its political influence across Asia. Once in the early 1990s, after the end of the Cold War, Asia and much of the world seemed to be ready to embrace American values in democracy and human rights. This was not as much by force but rather by soft power, to use the term coined by Joseph Nye, a Harvard professor and formerly a senior officer in the U.S. State Department.

Soft power, as defined by Nye, is the ability to obtain goals through the co-option and attraction of other states, rather than the hard power of coercion by force or economic enticement. When Nye examined the term, the United States was by far the world’s sole superpower in security and politics, as well as being the world’s largest economy. Nye added that the United States was also ahead in “soft power,” as many in the world admired and even sought to emulate the United States.

Thus through the 1990s and into the next century, the United States continued to promote democracy, human rights, and other practices its leaders felt consonant with their values. The late twentieth century saw a “third wave” of democratization sweep through more and more states worldwide and in Asia. For some Asians, this promotion of democracy and human rights was met in debate by so-called Asian Values. Rather than accepting American interpretations of human rights and democracy as being universal, the Asian Values school argued that there were some areas of relativity in practice to allow for diversity.

While perhaps having some merit, the Asian values argument was suspect because its spokesmen were often politicians or officials associated with more authoritarian governments and regimes. It was suspected to be a relatively sophisticated argument to justify
existing power structures. Whatever its merits or demerits, the political debate of Asian Values was silenced by the onset of the Asian financial crisis of 1997. Like its currencies, Asian values were devalued. This allowed America to continue the promotion of democracy and human rights. They emerged as part of the so-called Washington consensus, pairing free markets with more democratic forms of government. For a time, this was something to be admired and emulated. Across Asia, more and more countries began to vote and be more democratic and inclusive in governance. The promotion of democracy and the Washington consensus continued under President Bush.

Yet something had changed in this time, post-9/11. Bush’s insistence that “either you are for us or against us” rankled. Soft power diminished as the United States sought to exercise hard power, unveiling the iron fist inside the velvet glove. The U.S. invasion of Iraq triggered a sharp political resentment across the world, including in Asia. Surveys showed American standing and popularity fell sharply across many countries, not just among officials but even more among ordinary citizens. The Bush policies and torture and cruel practices in Guantanamo and Abu Ghraib undermined this further by showing the world how much even the most basic and important of civil rights could be devalued in the atmosphere of fear and anger that accompanied the global war against terror. Foreign students and immigrants from around the world continue to be attracted to the United States and many still come. But the quality of their reception has changed since 9/11, and so has their acceptance of things American. A stark reminder of what can happen when foreigners come into the United States but feel estranged, less than welcome, is to remember that Osama bin Laden himself lived and studied in the United States for many years before 9/11.

By the end of the Bush years, American soft power was more than soft. It had all but evaporated. America was seen by many to be morally exhausted, bankrupt. The two other supports of American power—military and economic—too were exposed as less than they seemed.

America’s military power—despite being far ahead of any other armed force—has been stretched almost to the breaking point in Iraq and Afghanistan. America’s economic strength imploded in the current and unfolding crisis. While it would be foolish to write off the United States, the evaluation of the country must be that it is far diminished in all three aspects of power—military, economic, and
“soft.” Democracy and the protection of human rights may still be admired, and they have prospered in some Asian states like Indonesia, so changed from 1997. But much of the progress has been because of domestic changes and constituencies, rather than the influence or example of the United States.

In other Asian states, moreover, there has increasingly been a sense of an alternative to American ways and values. In place of the Washington consensus, more and more have talked of a “Beijing consensus.” In place of democracy, there is “good governance” by a single party or closed elite. In place of free markets with less regulation, there is a government hand and participation in the private sector. In place of American arrogance and demands, there is—to some observers, perhaps in increasing numbers—Chinese charm and largesse. At the moment of ebb in American influence, China has embarked on a sustained and multidimensional effort to enhance friendships and gain influence abroad, especially in its surrounding region. This effort has largely succeeded in ending enmity and suspicion. This is not to say that the Beijing consensus or Chinese charm has won everyone over; a number of concerns and questions remain over Chinese attitudes and behavior for the longer term, as its power grows.

But what is clear is that the United States has relatively and quite rapidly been diminished in these past years. Its diminution is not only or so much in the hard calculations of military strength or economic statistics. America has shrunk most in the more immeasurable element of its stature and soft power as a country to admire, emulate, and follow. We are in danger that a post-American Asia is emerging, not by choice, but as a consequence of bad decisions.

Why It Matters
If we are heading for a post-American world, are we ready for it? If we are not ready for a post-American world, for a divide between the United States and Asia, there are many things that can to be done to avoid this. But whether we can and will to do those things is another question. Much depends on whether we understand how we came to this juncture; whether we can agree that division is not the best outcome for either the United States or Asia; and whether Americans and Asians have a shared vision of the future together. These are open questions about the relationship from both sides.

The United States has asserted and even come to assume the dominant role in Asia. After the end of WWII, it emerged as the
The greatest power in the world and no less in Asia. Despite being divided from Asia by an ocean and the International Date Line, it has been the vital center, the central hub in a system of hub and spokes among its Asian allies and friends.

In economic development, the United States has gained from participating actively in Asia’s development—as the largest and fastest-growing market in the world. In many aspects, its investments and openness to trade were key drivers for the industrialization and economic transformation in the newly industrialized economies of Asia, starting with Japan. American markets have helped drive Asian production and prosperity at heady rates, right up to the 2008 collapse. Even if some wish Asia to rebalance its economy and increase consumption in the region, many believe the region on its own cannot be a substitute for the American market. Thus if there is a growing division across the Pacific, dividing Asia from the United States and vice versa, the world will be bereft of one of the key engines that has driven growth, one for which there is no ready replacement.

Looking forward, the economic imperative for the United States to remain engaged must loom even larger. Although not unaffected, Asia is leading the recovery, especially the emerging and larger Asian markets—China, India, and (to a lesser degree) Indonesia—which have continued to grow. Although they cannot fully substitute for the American demand, these emerging markets can help raise rates of growth. Americans, if they participate in Asia, can also benefit.

Another justification is offered by Lee Kuan Yew, who was founding prime minister of Singapore in 1959 and now, in his mid-eighties, serves in a new cabinet position as minister mentor. In October 2009, he was interviewed on U.S. public broadcasting on the Charlie Rose Show and addressed the stakes for America in Asia:

The 21st century will be a contest for supremacy in the Pacific because that’s where the growth will be . . . If you [the United States] do not hold your ground in the Pacific you cannot be a world leader. A world leader must hold his ground in the Pacific . . . To hold ground in the Pacific, you must not let your fiscal deficits and dollar come to grief. If it comes to grief in the short term and there’s a run on the dollar for whatever reason, because of deficits are too big and the world—the financial community and the bankers and all the hedge funds and everybody come to a conclusion that you’re not going tackle these deficits and they begin to move their assets out, that’s real trouble . . . But what the world wants to know, or what the thinking part of the banking and financial world wants to know, is that the Americans and
administration and the Congress, both Republicans and Democrats, have the will to take tough measures to put this right, even if it’s not going to be done overnight but it’s moving in that direction and it’s going to put it right.

Lee then turned to a reason for Asians to want the Americans to remain engaged:

If you look at the size that China will grow into in 20, 30 years, I don’t think that the rest of Asia put together on one side of the scale can counter the weight of China. I see a need for American participation, for balance.

It is not just Americans who may not be ready for world of multipolar, more equal powers and a lesser American presence. Asians too have grown up in a world of American dominance, and dependency is a coin with two sides. The United States has been the ultimate guarantor of stability in Asia, with bases in South Korea and Japan that are physical markers of a deeper psychological commitment to the stability and prosperity of the region.

The longer historical view warns Asians that they may not be ready for such a divide, especially when it comes rapidly and amid crisis. Distrust continues among the Asian giants—between China and Japan and, although less obviously, between China and India. Sometimes American dominance has rankled with them, but Asians have no history of unity, and no agreed vision or leadership to step into a future with Asia on its own.

Asians today are therefore trapped in a dichotomy. On one hand, they recognize factors that are rapidly eroding American dominance and legitimacy. On the other, they hesitate about vaulting to an untested and unimaginable future of an Asia that stands alone, absent America. Between these two poles, little thought has been given to a new basis for engagement with the United States across the Pacific. What should be the new balance between Asia and America, and how do we go about with the rebalancing?

**What Can Be Done**

Even if Asians and Americans both see the need to reengage, it will not be easy. America’s domination of Asia, and Asia’s acceptance of that domination—the status quo of many decades—is ending. Both sides
need to reexamine conventional wisdom and the assumptions that have prevailed for many decades. Both sides have to put aside attitudes and policies that may have once been of use but have now become outmoded. A new context for American-Asian relations is emerging from the crisis: the spectrum now runs from potential isolationism and the idea of American decline to the acceptance of a more multipolar world and a continued engagement on different terms.

While the danger of division exists in this crisis, there are also positive signs that this danger is being recognized and reduced by new actions and policies. The change of American administration has been the key to the change. The Obama administration has emphasized a multilateral approach to the international community. In early 2009, Secretary of State Hillary Clinton made it a point to visit Asia as her first trip abroad. She broke with almost half a century of tradition in choosing Asia rather than Europe or the Middle East for her initial voyage.37

In November 2009, slightly more than a year after the Lehman Brothers collapse, President Obama himself came to Asia. The time and attention were remarkable, given the crisis, his pursuit of an ambitious domestic agenda, and mounting difficulties of the increasingly unpopular war in Afghanistan. Just before he was to depart, the competition between Asian interests and domestic concerns was deepened by the shootings at Fort Hood, where an American Muslim officer killed or wounded more than thirty American soldiers in training to be deployed to Afghanistan. The incident made President Obama pause, and he delayed his departure to Asia in order to be present at a ceremony to mourn the victims. But he did not cancel on Asia. Instead, at his first stop, in Tokyo, Obama even called himself America’s “first Pacific President.” The Obama trip that November was a strong symbol of America’s continuing interests and will to pursue ties with Asia, even amid so much else happening at home.

Yet summitry and symbolism will not be enough for the future relationship. Political will and ideas on how the United States and Asia must engage in new ways are critical. Yes, the election of a new administration and the star power of President Obama and Secretary Clinton provide the United States an opportunity for new thinking and engagements with Asia. But these are precisely that: an opportunity, which can be seized or squandered. Fundamentally, whether Asia and the United States continue to be interdependent depends on whether the two can articulate a shared vision to go forward together.
Linked by patterns of production and consumption across the Pacific, the United States and Asia have entered this crisis together. But will they emerge from the crisis as partners? Their demonstrated interdependence is being interpreted by some as a weakness, and by others as unnatural and unhelpful, even as nationalist and protectionist sentiments rise.\textsuperscript{38}

If a stronger sense of Asian regionalism is desired, how can this be squared with a continued engagement with the United States? If Asia in the long run should grow more independent, how can an acrimonious and hurried division across the Pacific be avoided?

At this juncture, acrimony and division between Asia and America are not inevitable. Despite mistakes of the past, and despite emerging trends, the two can work together in the crisis and into the future. There are many opportunities in a shared future with benefits for both sides. For America, there is the opportunity to be an integral part of Asia’s rise and to both contribute to and gain from this epic phenomenon. For Asians, there is the prospect of a rise that can be anchored and stabilized so that rapid growth and questions of regional competition will not lead to contention, conflict, and collision, which would upend their aspirations for peace and progress.

This path forward will not be as it was before this crisis. Certainly it cannot be as it was in the years immediately after the end of WWII or even during the Cold War. But neither are Asians and Americans doomed to be decoupled and to blame each other across a divided Pacific.

A new vision of an U.S.-Asia partnership is needed, and the task of those who wish well for the United States and Asia must help supply that vision. Part of that vision will be for Asia to become more a complete region; rebalancing its economy. But another important part will be to imagine how the United States can be engaged with Asia, and vice versa, for their mutual benefit; rebalancing the political and security arrangements in the region.

Otherwise, after this past decade and more of Asian regionalism without the United States, in the wake of the present and unfolding crisis and in the face of emerging trends of protectionism and tension, no one should blame either or both sides if they prefer to see Asia alone and divided from America in the post-crisis world.